

Foreign Agricultural Service

***GAIN* Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 5/2/2003

GAIN Report #CA3025

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 16

2003

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Report Highlights: Canadian Wheat Board Reacts to U.S. Dumping Duties* Anti-dumping on U.S. Baby-food Rescinded * Pulse and Special Crops Outlook * Hog Inventories Above Last Year, But Rate of Growth Slows * Red Meat Consumption Lower * Cattlemen Take Position on Cool to National Capitols * Travelers Advised of Border Precautions on Newcastle Disease * Ontario Wine Council Launches Tourism Brochure...and more!

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADIAN WHEAT BOARD REACTS TO U.S. DUMPING DUTIES: In a press release, the Canadian Wheat Board (CWB) denounced preliminary anti-dumping duties imposed by the U.S. Department of Commerce (DOC) on Canadian spring and durum wheat. On May 2, 2003 the DOC announced anti-dumping duties of 6.12% on Canadian spring wheat and 8.15% on Canadian durum. The duties are in addition to the 3.94% U.S. countervailing duty applied in March 2003. Wheat board spokespersons criticized the process behind the dumping determination which included farmers' costs of production. The CWB said that it remains open for business with its American customers whom the CWB claims will determine whether the tariffs are prohibitive, a decision which will vary from buyer to buyer. The CWB said it will explore all available options to obtain the maximum return for the wheat and durum grown by western Canadian farmers. The CWB sells a combined average of 1.5 million metric tons of wheat and durum, worth around C\$400 million (\$280 million), into the U.S. each year, representing about 10 per cent of total sales. A final determination in the case is expected later this summer.

ANTI-DUMPING ON U.S. BABY-FOOD RESCINDED: After conducting a review of its 1998 dumping case on certain U.S. baby food, the Canadian International Trade Tribunal (CITT) has rescinded its finding and terminated the case effective April 29, 2003. During the review, counsel for the sole Canadian producer, Heinz Canada, submitted evidence and made arguments in support of a continuation of the finding while Gerber Products Company (Gerber U.S.), Novartis, an importer, and the federal Commissioner of Competition all submitted evidence and made arguments in support of a rescission of the finding. The Tribunal also heard witnesses for three major retailers of prepared baby foods. In supporting the finding's rescission, the CITT concluded that Heinz Canada is unlikely to suffer material injury in the near and medium terms. It stated that any injury Heinz suffered would be due, for the most part, to the effects of the entry of renewed competition into the market, not to dumping.

PULSE AND SPECIAL CROPS OUTLOOK: According to Agriculture and Agri-Food Canada's pulse and special crops outlook, total pulse and special crops production during 2003-04 is forecast to increase to 4.17 million metric tons, 50% above 2002-03. However, total supply is expected to increase by only 28% because of lower carry-in stocks. Total exports and domestic use are forecast to increase due to the higher supply and strong demand, resulting in moderately higher carry-out stocks. Average prices, over all grades and markets, are forecast to increase from 2002-03 for dry beans, chick peas and buckwheat, decrease for dry peas, lentils, mustard seed and canary seed, and be the same for sunflower seed. Prices are expected to be very sensitive to any production problems due to low world carry-in stocks. AAFC analysts say the main factors to watch will be precipitation during the spring and summer in western Canada, the exchange rate of the Canadian dollar against the US dollar and other currencies, and growing conditions in major producing countries.

HOG INVENTORIES ABOVE LAST YEAR, BUT RATE OF GROWTH SLOWS: The latest Statistics Canada data show that total hog numbers were up 1% on April 1, 2003 but inventories declined for the second consecutive quarter demonstrating that growth in the hog sector has been slowing following recent years of expansion that often averaged 5.0% annually. Many hog producers have seen their profits diminish or have experienced losses as a result of soft prices for hogs and escalating feed costs. Following price declines in the United States, Canadian hog prices have fallen 30.0% since they peaked in the summer of 2001. Inventories have dropped in all three Prairie provinces, where feed supplies have been limited because of two years of drought. In Ontario, where feed supplies are more plentiful, inventories continued to climb and stood 3.9% above April 1, 2002. Hog numbers remained stable in Quebec, Canada's major hog producing province. Expansion in Quebec has been limited by a two-year moratorium on hog production.

RED MEAT CONSUMPTION LOWER: Statistics Canada says Canadian red meat consumption totaled 61.4 kilograms per person in 2002, down 1.9% from 62.6 kilograms in 2001. This decrease was due mainly to declining beef and pork consumption. Beef consumption fell 2.0% to 30.0 kilograms per person. Pork consumption, at just over 28 kilograms per person in 2002, dropped 2.8% from 2001. Statistics Canada cited a surge in pork exports for

the decline as strong demand for Canadian pork in the United States and Japan, offset increased supplies.

CATTLEMEN TAKE POSITION ON COOL TO NATIONAL CAPITOLS: Canadian Cattlemen's Association (CCA) representatives traveled to Ottawa and Washington DC for high level talks on Country of Origin Labeling (COOL). According to the latest CCA newsletter, the message delivered in both capitols was the same: plans to introduce mandatory COOL in the U.S. in September 2004 will be devastating to the cattle industries of both countries. In Washington CCA representatives met with Canadian Embassy officials, the leadership of the National Cattlemen's Beef Association (NCBA) and US Government officials and congressional staff. Discussions were continued with NCBA on developing a North American label for beef. In Ottawa, the CCA made a presentation to the House of Commons Standing Committee on Agriculture and communicated to that Committee that the CCA believes COOL is one the most serious issues facing Canadian agriculture.

TRAVELERS ADVISED OF BORDER PRECAUTIONS CONCERNING NEWCASTLE DISEASE AND POULTRY PRODUCTS: In addition to the temporary commercial import restrictions for certain live birds, poultry products and by-products originating from California, Nevada, Arizona and Texas, the Canadian Food Inspection Agency (CFIA) recently advised travelers who enter Canada from the United States that various live birds, poultry products and by-products originating from certain states are not allowed into Canada. This includes food products such as eggs and chicken meat. Travelers arriving at the border with any of these commodities can expect to have the items taken by Canada Customs or by the CFIA for disposal.

ONTARIO WINE COUNCIL LAUNCHES TOURISM BROCHURE: The Wine Council of Ontario is launching their latest brochure, *Ontario Wine and Culinary Adventures* to help boost the province's C\$19.4 billion annual tourism industry and promote the Ontario wine industry. A new resource for travelers, Ontario Wine and Culinary Adventures, is available at Ontario Travel Information Centers, Ontario wineries, select LCBO stores (provincially-run liquor outlets). The guide advises travelers to the province about the wine and culinary experiences available in Ontario, and highlights the province's wineries, restaurants, and ten national and international food and wine events. A detailed directory of Ontario's wineries and a map of the wine regions are included. The wine and culinary tourism strategy is a key element of the five-year strategic plan, "Poised for Greatness," developed jointly by the Wine Council of Ontario, LCBO and the Government of Ontario to capitalize on the potential of the province's wine and travel industries. Launched in late 2001, the plan is funded through a C\$10 million investment from the Government of Ontario, and matched by C\$10 million from the Ontario wine industry, including wineries.

FEDERAL AND B.C. GOVERNMENTS TO HOLD SALMON AQUACULTURE FORUM:

The governments of Canada and British Columbia's will launch a Salmon Aquaculture Forum designed to bring all parties together to help strengthen fisheries management. Controversy related mostly to environmental issues surrounds B.C.'s salmon farming industry. The Salmon Aquaculture Forum is designed to provide an opportunity for interested parties to discuss current issues in aquaculture as they arise, including scientific and public policy questions. The forum will supply information to the public and advice or recommendations to both levels of government. A date for the upcoming forum was not announced. According to the B.C. government, fish farms provide more than 3,500 direct and indirect jobs, with most in coastal communities and their product has an export value of C\$370 million (\$260 mil.), about 40 per cent of the value of all B.C. seafood.

Did You Know ...that since the NAFTA was implemented on January 1, 1994, U.S. agricultural product sales growth to Canada (\$3.2 bil.) accounted for 45% of the overall growth in total U.S. agricultural exports to the world (\$6.9 billion) up to the end of 2002. Bilateral U.S./Canada agricultural trade totaled \$19.0 billion last year.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA3024	This Week in Canadian Agriculture, Issue 15	4/25/2003
CA3021	Grain and Feed Annual Report	4/11/2003

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